



"To enrich lives through effective and caring service"



Stan Wisniewski
Director

Kerry Silverstrom
Chief Deputy

June 14, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF SECOND AMENDMENT TO OPTION AGREEMENT AND JOINT
ESCROW INSTRUCTIONS FOR LEASE NOS. 6734 AND 11140
PARCELS 44U (PIER 44) AND 77W (77 DEL REY) - MARINA DEL REY
(FOURTH DISTRICT)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and authorize the Chair to sign the attached SECOND AMENDMENT TO OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Amendment") for Lease Nos. 6734 (Parcel 44U) and 11140 (Parcel 77W), Marina del Rey, granting an extension of the time in which the County may exercise its rights and options, upon payment of the stated option prices, to acquire Parcel 77W and a portion of Parcel 44U.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County is the lessor of ground leases for Parcels 44U and 77W, each of which were originally entered into for terms of 60 years and have remaining lease terms of 18 years and 21 years, respectively. Pacific Marina Venture, LLC, a Delaware limited liability company (Lessee), is the current lessee of both parcels.

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On February 24, 2003, your Board approved and authorized an option agreement ("Agreement") with the Lessee for the County to obtain purchase options whereby all of the Parcel 77W lease and a portion of the Parcel 44U lease will terminate in order that the County may utilize all or portions of these parcels for the intended Chace Park expansion and expanded boating and visitor-serving development. On February 17, 2004, your Board approved and authorized an amendment to the Agreement that extended its term to the earlier of June 30, 2005 or ten business days after the date Lessee and County will have negotiated and executed an agreement for the portion of Parcel 44U not subject to the Agreement.

The Lessee has agreed, at no cost to the County, to further extend the dates by which the County may give notice of its intent to exercise its options under the Agreement from the current deadline of June 30, 2005. The Department has engaged in discussions with the Lessee and with the Santa Monica Windjammers Yacht Club ("SMWYC") relating to the use of portions of the Lessee's interest in Parcel 44U that are included in the Agreement and that could facilitate SMWYC's relocation from its current facilities on a site intended for Chace Park expansion. The Lessee is engaged in detailed planning for development of its remaining portion of Parcel 44U not subject to the Agreement. The extensions of the option periods provide time needed to conclude negotiations with SMWYC and the Lessee to facilitate SMWYC's relocation, as well as the time the Lessee needs to conclude planning for the portion of Parcel 44U not subject to the Agreement.

The deadline for the First Option (all of Parcel 77W and the relevant landside portion of Parcel 44U) will be extended to the earlier of June 30, 2007 or six months after the date the Board of Supervisors approves a new term sheet with Lessee for the remaining portion of Parcel 44U that is not subject to the Agreement. The deadline for the Second Option (the relevant waterside portion of Parcel 44U) will be extended to the date that is six months after the date the Board of Supervisors approves the Amendment, but not later than December 31, 2005.

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Implementation of Strategic Plan Goals

The proposed action promotes and furthers the Board-approved Strategic Plan Goal of Service Excellence, in that it provides the County additional time to plan for expansion of the adjacent Chace Park facilities and enhanced areas for expanded boating and visitor-serving development.

FISCAL IMPACT/FINANCING

There is no cost to the County as a result of the requested Amendment, which provides an extension of time to exercise the Agreement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under the terms of the Amendment, all terms of the current Agreement, except for an extension of the date of exercise of the County's options to purchase, will remain the same.

The Small Craft Harbor Commission has unanimously endorsed the Director's recommendation that your Board approve the attached Amendment, which has been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

Entering into the Amendment does not presently authorize the purchase and termination of the two leaseholds, or portions thereof, nor does it presently authorize any development on the properties. Exercise of the option(s), if at all, and/or the construction of facilities will be in connection with a development plan that is not currently known. Such development, if pursued, will be preceded by full preparation of the appropriate environmental documentation.

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CONTRACTING PROCESS

Not applicable.

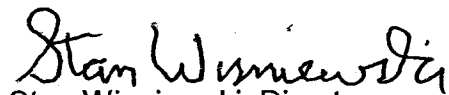
IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

CONCLUSION

Authorize the Executive Officer of the Board to send two copies of the executed Amendment to the Department of Beaches and Harbors.

Respectfully submitted,


Stan Wisniewski, Director

SW:AK:GB

Attachment (1)

c: Chief Administrative Officer
Executive Officer, Board of Supervisors
County Counsel

**SECOND AMENDMENT TO OPTION AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**
(County Lease No. 11140; Parcel 77W – Marina del Rey)
(County Lease No. 6734; Parcel 44U – Marina del Rey)

THIS SECOND AMENDMENT TO OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS (“Second Amendment”) is made as of May __, 2005 between **PACIFIC MARINA VENTURE, LLC**, a Delaware limited liability company (“Lessee”), and **COUNTY OF LOS ANGELES (“County”)**.

RECITALS

A. All capitalized terms in this Second Amendment shall have the meanings given such terms in the Agreement (defined hereinafter), except where specifically defined herein.

B. County is the lessor and Lessee is the lessee under each of the Parcel 44 Lease and the Parcel 77 Lease, pursuant to which Lessee leases from County certain land and water located in the Marina del Rey Small Craft Harbor.

C. County and Lessee entered into that certain Option Agreement and Joint Escrow Instructions made as of February 25, 2003 (the “**Original Option Agreement**”), whereby Lessee granted County rights to acquire certain real property interests as more specifically provided in the Agreement.

D. County and Lessee entered into that certain First Amendment to Option Agreement and Joint Escrow Instructions made as of February 24, 2004 (“**First Amendment**”), whereby County and Lessee amended the Original Option Agreement to extend the term of the Options. The Original Option Agreement, as amended by the First Amendment, is referred to herein as the “**Agreement**.”

E. County and Lessee (or its affiliates) are entering into various agreements pertaining to the Parcel 44 Lease, the Parcel 77 Lease, and the premises leased by Lessee (or its affiliates) that are commonly known as Parcels 95S and LLS, Parcel 97R and Parcel 140V (the “**Related Agreements**”).

F. In connection with the Related Agreements, County and Lessee desire to make certain additional modifications to the Agreement as set forth in this Second Amendment.

NOW, THEREFORE, in consideration of the Related Agreements, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessee and County hereby agree as follows:

1. Term of Options. Section 2.2 of the Agreement is hereby amended and restated in its entirety as follows:



"2.2 Term. The term of the First Option shall commence on the Effective Date and shall expire at 5:00 p.m., Los Angeles time, on the earlier to occur of (i) June 30, 2007 or (ii) six (6) months after the date the Board of Supervisors of County hereafter approves a new term sheet with Lessee for the extension of the term of the Parcel 44 Lease and the redevelopment by Lessee of Parcel 44 as to that portion of Parcel 44 that is not the subject of an exercise by County of the Options (the "**First Option Expiration Time**"), unless County has delivered an Exercise Notice as provided in Section 2.3.

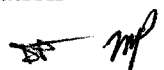
The term of the Second Option shall commence on the Effective Date and shall expire at 5:00 p.m., Los Angeles time, on the date that is six (6) months following the date of the approval by the Board of Supervisors of County of this Second Amendment to Option Agreement and Joint Escrow Instructions, but not later than December 31, 2005 (the "**Second Option Expiration Time**").

Each reference to Expiration Time shall mean the First Option Expiration Time in the case of the First Option and the Second Option Expiration Time in the case of the Second Option."

2. Outside Closing Date. The definition of "**Outside Closing Date**" set forth in Section 2.3 of the Agreement is hereby amended to mean (a) six (6) months after the First Option Expiration Time in the case of the Closing of the First Option, or (b) six (6) months after the Second Option Expiration Time in the case of the Closing of the Second Option.

3. Partial Assignment. Lessee is currently in negotiation with the Santa Monica Windjammers Yacht Club ("SMWYC") to assign to SMWYC portions of the Lessee's interest in the Parcel 44 Lease consisting of all of the Second Option Property and all or portions of Parcel 44 included in the First Option Property (the "New SMWYC Location"). Any such partial assignment of the Parcel 44 Lease shall be subject to the prior written approval of County in County's sole and absolute discretion. If Lessee and SMWYC reach agreement as to the transfer to SMWYC of Lessee's leasehold interest in the New SMWYC Location and County approves such partial assignment, then upon the consummation of the transfer to SMWYC of Lessee's leasehold interest in the New SMWYC Location and County's approval thereof, the Second Option shall terminate and the First Option Property shall be reduced to exclude that portion of the First Option Property included in the New SMWYC Location. In connection with any such reduction of the First Option Property, the First Option Property Price shall be reduced to reflect the exclusion from the First Option Property of the portion of the First Option Property included in the New SMWYC Location. As part of County's approval of the partial assignment to SMWYC, County shall have the right to approve in County's sole and absolute discretion the New SMWYC Location and the amount of the reduction in the First Option Property Price proposed by Lessee.

County retains the right to exercise the First Option, or both of the Options, at any time prior to the consummation of a transfer to SMWYC of Lessee's leasehold interest in the New SMWYC Location as approved by County (but not later than the applicable Expiration



Time), and no purchase contract, escrow instructions or other agreement between Lessee and SMWYC regarding such transfer shall preclude or otherwise affect County's right to exercise the Options. The parties expressly acknowledge and agree that SMWYC is not a third party beneficiary of the terms and provisions of this Section 3, and that SMWYC has no rights or interest hereunder. Lessee expressly acknowledges and agrees that County's determination of whether to approve any transfer to SMWYC, or whether to exercise the Options, is in the sole and absolute discretion of County, and (i) neither Lessee nor SMWYC shall have any claim against County in connection therewith, and (ii) Lessee's obligations under the Parcel 44 Lease shall not be affected in any way if County disapproves a transfer to SMWYC.

4. Replacement of Docks. Lessee has an obligation under the Parcel 44 Lease to replace the docks and other waterside improvements located on the Second Option Property under certain circumstances. County agrees that Lessee shall be permitted to defer the replacement of the docks and other waterside improvements located on the Second Option Property as long as the Second Option remains outstanding. Such right to defer the replacement of the improvements located on the Second Option Property shall terminate on the earlier of the Second Option Expiration Time or the relinquishment by County of its right to exercise the Second Option. The parties agree that County has the right at any time by express written notice to Lessee to relinquish its right to exercise the Second Option. If County exercises the Second Option, then upon such exercise Lessee shall be relieved of its obligation to replace the improvements located on the Second Option Property as long as Lessee does not breach its obligations with respect to the Closing under the Second Option. Neither the right of Lessee to defer the replacement of the improvements on the Second Option Property under the provisions of this Section 4, nor any exercise by County of the Second Option, shall relieve Lessee from its obligation under the Parcel 44 Lease to maintain and repair the docks and waterside improvements located on the Second Option Property in a safe condition and otherwise in compliance with the requirements set forth in the Parcel 44 Lease.

5. No Other Modifications. All other terms of the Agreement shall remain in full force and effect.


SIGNATURES ON FOLLOWING PAGE

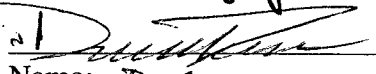
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IN WITNESS WHEREOF, the undersigned have executed this Second Amendment as of the date first written above.

LESSEE:

PACIFIC MARINA VENTURE, LLC

By: 
Name: MICHAEL PASHAIE
Title: managing member

By: 
Name: DAVID TABAN
Title: managing member

COUNTY:

COUNTY OF LOS ANGELES

By: _____
Chair, Board of Supervisors

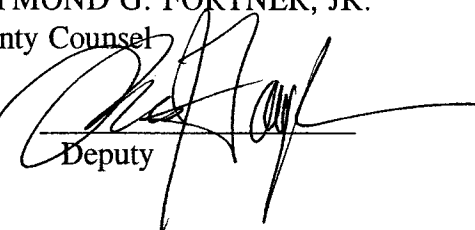
ATTEST:

APPROVED AS TO FORM:

VIOLET VARONA-LUKENS,
Executive Officer of the Board of
Supervisors

RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Deputy

By: 
Deputy

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: 